

Charter Trustees for the City of Durham

8 January 2014

Revenue Budget 2014/15



City of Durham

Report of Jeff Garfoot, Treasurer

INTRODUCTION

- 1 The purpose of this report is to provide information to enable Charter Trustees to approve the:
 - appropriate budget requirement for the Charter Trust for 2014/15;
 - basic level of council tax required for 2014/15.

BACKGROUND

- 2 At the last meeting of Charter Trustees held on 11 November 2013, it was agreed that a budget working group would be established with responsibility for considering alternative budgets for 2014/15 and recommending their preferred option to be presented to Charter Trustees for approval.
- 3 The working group have considered a range of options and have decided to present a number of these to Charter for discussion.

BUDGET ASSUMPTIONS

- 4 The following budget assumptions have been made:
 - annual inflation of 1.5%;
 - annual reductions in the Council Tax Support Grant in line with advice from the County Council;
 - a slight reduction in council tax base of 0.19% to 23,807.60 (from 23,854 in 2013/14).
- 5 Based upon the assumptions set out above and the budget information provided to Charter Trustees at the meeting held on 11 November 2013, it

has been estimated that the council tax requirement for 2014/15 can reduce from £90,645 (for 2013/14) to £49,929.

- 6 Appendix B details the original budget for 2013/14 and the estimated budget for 2014/15.
- 7 The following table indicates the level of precept historically agreed by Charter Trustees:

	2009/10	2010/11	2011/12	2012/13	2013/14
	£	£	£	£	£
Precept	5.00	5.00	4.29	3.80	3.80

BUDGET OPTIONS 2014/15

- 8 A range of budget options were presented to the budget working group at their meeting held on 19 December 2013. The group have determined five budget options from which they recommend Charter Trustees approve one.
- 9 Each of the options apply varying levels of reserves and therefore impact differently on the precept calculated across a five year period (2014/15 to 2018/19).
- 10 The five options being proposed by the budget working group are:
- Option 1** application of no reserves in any of the five years;
 - Option 2** utilisation of reserves to maintain Band D Council Tax at £2.10 in each of the five years;
 - Option 3** utilisation of reserves to maintain Band D Council Tax at £1.90 in each of the five years (50% reduction in Council Tax from 2013/14);
 - Option 4** utilising £10,000 of reserves in each of the five years;
 - Option 5** applying reserves in each year to create an equivalent annual increase in precept.
- 11 Given the reduced level of expenditure from 2014/15, it is considered reasonable and prudent for the Charter Trustees to maintain a reserve balance of circa £10,000.
- 12 These detailed budget options are included as Appendices C to G of this report. The appendices illustrate the effect of utilising different levels of reserves on the council tax requirement over the five year period 2014/15 to 2018/9.

- 13 The following table illustrates the precept calculated in each of the five options for 2014/15 to 2018/19:

Option		Precept				
		2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
1	No utilisation of reserve	2.10	2.19	2.27	2.36	2.40
2	Council Tax at £2.10 from 2014/15 onwards	2.10	2.10	2.10	2.10	2.10
3	Council Tax at £1.90 from 2014/15 onwards	1.90	1.90	1.90	1.90	1.90
4	Utilisation of £10,000 of reserves over 5 years	1.68	1.77	1.85	1.94	1.98
5	Equal increase in precept over four years	1.26	1.54	1.83	2.13	2.40

- 14 The table below demonstrates the impact on the reserve balances at the end of the year for each of the options:

Option		Forecast Reserve Balance at end of year					
		2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
1	No utilisation of reserve	62,708	62,708	62,708	62,708	62,708	62,708
2	Council Tax at £2.10 from 2014/15 onwards	62,708	62,708	60,434	56,207	50,014	42,889
3	Council Tax at £1.90 from 2014/15 onwards	62,708	58,013	51,044	42,122	31,234	19,414
4	Utilisation of £10,000 of reserves over 5 years	62,708	52,708	42,708	32,708	22,708	12,708
5	Equal increase in precept over four years	62,708	42,708	27,208	16,708	11,208	11,208

- 15 Charter Trustees should note that it is possible that the Charter Trust's financial position could change. For example, the full budget may not be expended thus increasing reserves, the Charter Trustees may decide to increase budgets or the Council Tax Support Grant may vary more than planned. It is important therefore that budgets are kept under review.

RECOMMENDATIONS

16 It is **RECOMMENDED** that the City of Durham Charter Trustees:

- determine and approve the budget requirement for 2014/15;
- and
- determine and approve the basic level of council tax for 2014/15.

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Risks and Implications

Finance

The report provides information to enable Charter Trustees to consider the level of council tax and revenue budget requirement for 2014/15

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

None

Procurement

None

Disability Discrimination Act

None

Legal Implications

None

Original Budget 2013/14 and Estimated Budget 2014/15

	Original 2013/14 Budget £	Estimated 2014/15 Budget £
Employees		
Mayor's Allowance	3,500	0
Deputy Mayor's Allowance	1,500	0
NI contributions	574	0
Sergeants at Mace/ Body Guard	2,809	2,750
Premises		
Town Hall	11,796	3,348
Transport		
Civic Car	14,831	6,030
Bus Hire	1,440	1,200
Supplies & Services		
Mayor's hospitality and functions	24,135	15,525
General office expenses	1,020	400
Insurance	2,034	2,057
External Audit	624	450
Support Services		
Administration	30,674	15,697
Finance/ Legal/ ICT/ HR	17,442	12,000
Contingency	0	0
Gross Expenditure	112,379	59,457
Income		
Bank interest	-60	-40
Council Tax Support Grant	-10,398	-9,488
Transfer from Reserves	-11,276	
Council Tax Requirement	90,645	49,929

Proposed Budget - Option 1

	Proposed Budget				
	2014/15	2015/16	2016/17	2017/18	2018/19
Basis of Budget preparation	No reserves applied				
	£	£	£	£	£
Employees					
Mayor's Allowance	0	0	0	0	0
Deputy Mayor's Allowance	0	0	0	0	0
NI contributions	0	0	0	0	0
Sergeants at Mace/ Body Guard	2,750	2,791	2,833	2,876	2,919
Premises					
Town Hall	3,348	3,398	3,449	3,501	3,553
Transport					
Civic Car	6,030	6,120	6,212	6,305	6,400
Bus Hire	1,200	1,218	1,236	1,255	1,274
Supplies & Services					
Mayor's hospitality	15,525	15,758	15,994	16,234	16,478
General office expenses	400	406	412	418	425
Insurance	2,057	2,088	2,119	2,151	2,183
External Audit	450	457	464	471	478
Support Services					
Administration	15,697	15,932	16,171	16,414	16,660
Finance/ Legal/ ICT/ HR	12,000	12,180	12,363	12,548	12,736
Contingency	0	0	0	0	0
Income - bank interest	-40	-41	-41	-42	-42
Total Expenditure	59,417	60,308	61,213	62,131	63,063
Transfer from Reserves	0	0	0	0	0
Council Tax Support Grant	-9,488	-8,105	-7,057	-6,009	-6,009
Council Tax Requirement	49,929	52,203	54,156	56,122	57,054
Forecast Reserves	62,708	62,708	62,708	62,708	62,708
Band D Council Tax	2.10	2.19	2.27	2.36	2.40
Council Tax Base	23,807.60	23,807.60	23,807.60	23,807.60	23,807.60

Proposed Budget - Option 2

	Proposed Budget				
	2014/15	2015/16	2016/17	2017/18	2018/19
Basis of Budget preparation	Maintain Band D Council Tax at £2.10 in each year				
	£	£	£	£	£
Employees					
Mayor's Allowance	0	0	0	0	0
Deputy Mayor's Allowance	0	0	0	0	0
NI contributions	0	0	0	0	0
Sergeants at Mace/ Body Guard	2,750	2,791	2,833	2,876	2,919
Premises					
Town Hall	3,348	3,398	3,449	3,501	3,553
Transport					
Civic Car	6,030	6,120	6,212	6,305	6,400
Bus Hire	1,200	1,218	1,236	1,255	1,274
Supplies & Services					
Mayor's hospitality	15,525	15,758	15,994	16,234	16,478
General office expenses	400	406	412	418	425
Insurance	2,057	2,088	2,119	2,151	2,183
External Audit	450	457	464	471	478
Support Services					
Administration	15,697	15,932	16,171	16,414	16,660
Finance/ Legal/ ICT/ HR	12,000	12,180	12,363	12,548	12,736
Contingency	0	0	0	0	0
Income - bank interest	-40	-41	-41	-42	-42
Total Expenditure	59,417	60,308	61,213	62,131	63,063
Transfer from Reserves	0	-2,274	-4,227	-6,193	-7,125
Council Tax Support Grant	-9,488	-8,105	-7,057	-6,009	-6,009
Council Tax Requirement	49,929	49,929	49,929	49,929	49,929
Forecast Reserves	62,708	60,434	56,207	50,014	42,889
Band D Council Tax	2.10	2.10	2.10	2.10	2.10
Council Tax Base	23,807.60	23,807.60	23,807.60	23,807.60	23,807.60

Proposed Budget - Option 3

	Proposed Budget				
	2014/15	2015/16	2016/17	2017/18	2018/19
Basis of Budget preparation	Maintain Band D Council Tax at £1.90 in each year				
	£	£	£	£	£
Employees					
Mayor's Allowance	0	0	0	0	0
Deputy Mayor's Allowance	0	0	0	0	0
NI contributions	0	0	0	0	0
Sergeants at Mace/ Body Guard	2,750	2,791	2,833	2,876	2,919
Premises					
Town Hall	3,348	3,398	3,449	3,501	3,553
Transport					
Civic Car	6,030	6,120	6,212	6,305	6,400
Bus Hire	1,200	1,218	1,236	1,255	1,274
Supplies & Services					
Mayor's hospitality	15,525	15,758	15,994	16,234	16,478
General office expenses	400	406	412	418	425
Insurance	2,057	2,088	2,119	2,151	2,183
External Audit	450	457	464	471	478
Support Services					
Administration	15,697	15,932	16,171	16,414	16,660
Finance/ Legal/ ICT/ HR	12,000	12,180	12,363	12,548	12,736
Contingency	0	0	0	0	0
Income - bank interest	-40	-41	-41	-42	-42
Total Expenditure	59,417	60,308	61,213	62,131	63,063
Transfer from Reserves	-4,695	-6,969	-8,922	-10,888	-11,820
Council Tax Support Grant	-9,488	-8,105	-7,057	-6,009	-6,009
Council Tax Requirement	45,234	45,234	45,234	45,234	45,234
Forecast Reserves	58,013	51,044	42,122	31,234	19,414
Band D Council Tax	1.90	1.90	1.90	1.90	1.90
Council Tax Base	23,807.60	23,807.60	23,807.60	23,807.60	23,807.60

Proposed Budget - Option 4

	Proposed Budget				
	2014/15	2015/16	2016/17	2017/18	2018/19
Basis of Budget preparation	£10,000 reserves applied in each year				
	£	£	£	£	£
Employees					
Mayor's Allowance	0	0	0	0	0
Deputy Mayor's Allowance	0	0	0	0	0
NI contributions	0	0	0	0	0
Sergeants at Mace/ Body Guard	2,750	2,791	2,833	2,876	2,919
Premises					
Town Hall	3,348	3,398	3,449	3,501	3,553
Transport					
Civic Car	6,030	6,120	6,212	6,305	6,400
Bus Hire	1,200	1,218	1,236	1,255	1,274
Supplies & Services					
Mayor's hospitality	15,525	15,758	15,994	16,234	16,478
General office expenses	400	406	412	418	425
Insurance	2,057	2,088	2,119	2,151	2,183
External Audit	450	457	464	471	478
Support Services					
Administration	15,697	15,932	16,171	16,414	16,660
Finance/ Legal/ ICT/ HR	12,000	12,180	12,363	12,548	12,736
Contingency	0	0	0	0	0
Income - bank interest	-40	-41	-41	-42	-42
Total Expenditure	59,417	60,308	61,213	62,131	63,063
Transfer from Reserves	-10,000	-10,000	-10,000	-10,000	-10,000
Council Tax Support Grant	-9,488	-8,105	-7,057	-6,009	-6,009
Council Tax Requirement	39,929	42,203	44,156	46,122	47,054
Forecast Reserves	52,708	42,708	32,708	22,708	12,708
Band D Council Tax	1.68	1.77	1.85	1.94	1.98
Council Tax Base	23,807.60	23,807.60	23,807.60	23,807.60	23,807.60

Proposed Budget - Option 5

	Proposed Budget				
	2014/15	2015/16	2016/17	2017/18	2018/19
	Decreasing level of reserves applied in each year in order that Council Tax increases steadily (in monetary terms) over the period				
Basis of Budget preparation					
	£	£	£	£	£
Employees					
Mayor's Allowance	0	0	0	0	0
Deputy Mayor's Allowance	0	0	0	0	0
NI contributions	0	0	0	0	0
Sergeants at Mace/ Body Guard	2,750	2,791	2,833	2,876	2,919
Premises					
Town Hall	3,348	3,398	3,449	3,501	3,553
Transport					
Civic Car	6,030	6,120	6,212	6,305	6,400
Bus Hire	1,200	1,218	1,236	1,255	1,274
Supplies & Services					
Mayor's hospitality	15,525	15,758	15,994	16,234	16,478
General office expenses	400	406	412	418	425
Insurance	2,057	2,088	2,119	2,151	2,183
External Audit	450	457	464	471	478
Support Services					
Administration	15,697	15,932	16,171	16,414	16,660
Finance/ Legal/ ICT/ HR	12,000	12,180	12,363	12,548	12,736
Contingency	0	0	0	0	0
Income - bank interest	-40	-41	-41	-42	-42
Total Expenditure	59,417	60,308	61,213	62,131	63,063
Transfer from Reserves	-20,000	-15,500	-10,500	-5,500	
Council Tax Support Grant	-9,488	-8,105	-7,057	-6,009	-6,009
Council Tax Requirement	29,929	36,703	43,656	50,622	57,054
Forecast Reserves	42,708	27,208	16,708	11,208	11,208
Band D Council Tax	1.26	1.54	1.83	2.13	2.40
Council Tax Base	23,807.60	23,807.60	23,807.60	23,807.60	23,807.60